

Paul Kramer

Nelson Rockefeller and British Security Coordination

On 16 August 1940 (well over a year before Pearl Harbour) President Roosevelt, by Executive Order, created the Office of the Coordinator of Commercial and Cultural Relations between the American Republics (later changed to Coordinator of Inter-American Affairs),¹ and appointed young Nelson A. Rockefeller who was then thirty-two years old, Coordinator. The 'Rockefeller office', as it came to be known, immediately became a focal point of the first peacetime effort by a US government in what has since been termed operational intelligence.

The work involved in the creation of this office was conducted by James Forrestal, then serving as one of six Special Assistants to the President, and later to become Secretary of the Navy and, subsequently, America's first Secretary of Defense. Experience gained in operational intelligence became a factor, through Forrestal, in the founding of the Central Intelligence Agency.

American intelligence experts, as well as writers on the subject, have remained totally in the dark as to the work of the Rockefeller office in the intelligence field. Those who knew, for reasons we shall examine later, remained silent, and those who did not know, but who were experienced in other areas, preferred to describe themselves as the pioneers in the field. From the standpoint of intelligence history it has been as if Fremont, the 'Pathfinder', had never heard of Lewis and Clark, and they, in turn, either remained in ignorance of Daniel Boone, or preferred for reasons of vanity or pride, to ignore him.

Journal of Contemporary History (SAGE, London and Beverly Hills),
Vol. 16 (1981), 73-88

Academia was also deluded. As late as 1963, a distinguished American historian wrote that 'in August 1940, an Office for Coordination of Commercial and Cultural Relations between the American Republics was established under the direction of Nelson Rockefeller although it was not until after Pearl Harbour that we began to send professors, tennis players and ballet companies to Latin America to prove that we were a cultured people.'² Like the Scarlet Pimpernel of fiction, the Rockefeller office was dismissed as all fripperies and frivolity.

In 1948 a Brookings Institution publication, although considerably nearer the truth, claimed that 'in the beginning the Coordinator was mainly interested in carrying out the responsibilities . . . of economic and financial cooperation'.³

In fairness to academia it should be pointed out that the key document for research has been the US Bureau of the Budget's Historical Report on War Administration.⁴ Scholars have been captivated by it, and for two very good reasons. Nelson Rockefeller personally insisted that his top level assistants cooperate in the preparation of the study and made available to its authors the notes of the Rockefeller family historian who, in the early days of the office, had the run of incoming and outgoing baskets and personnel, so that he became a sort of unpublished Arthur Schlesinger of the 'Rockefeller administration'. But the real nature of the intelligence activities was withheld from the report's authors, as, of course, they were from the Congress and from most people in the executive branch of government.

It was not until the 1976 publication of *A Man Called Intrepid* about the work of Sir William Stephenson that the first reference to the intelligence activities of the Coordinator's Office appeared in print. Unfortunately, both Stevenson the author, and Stephenson the spy about whom the book was written, got the story wrong.

What really happened?

The first thing to remember are events surrounding the Rockefeller Office creation.

When France fell in June 1940, wartime Britain, although beleaguered and stripped of allies, had preserved and was continuing to expand its world-wide network of intelligence and cryptanalysis. Earlier World War I traditions of the *Zimmermann* telegram and the *Magdeburg* continued as an inspiration. The efforts and sacrifices of the small groups of dedicated and largely anonymous men during the lean years between the wars had preserved the basic

structure and nurtured the concept that the intercept of enemy communications by cryptanalysis and other means, could, as was the case in 1914-18, supply Britain with important keys to ultimate victory, not only through contributions to British strategy and tactics, but also as an aid to British diplomacy.

There were historic parallels in the summer of 1940. Just as it had been in early 1917, America was neutral. As the *Zimmermann* telegram had in March 1917 left President Wilson bereft of the prop of public opinion which had previously sustained his struggle to keep the US neutral,⁵ might not another intercept bring America in again on the side of Great Britain?

There were also differences. In February 1917, President Wilson was a neutralist who clung to the illusion that America could go about its business happily separate from other nations. In June 1940 President Roosevelt subscribed to no such view. He was pro-British and anti-Nazi. He regarded the possibility of a Nazi victory as a threat to America's future. But he was determined that only a united America should enter the war. Meanwhile, the 'American firsters' and the 'Fortress America' groups opposed US entrance. They were a force to be reckoned with in politics, in government and in business. 'Persons close to Roosevelt felt the non-interventionists had fought the President very nearly to a standstill late in 1941.'⁶

Under these circumstances, the goals of British intelligence were dual. On the one hand it sought to be ever on the look out for material that would, just as the *Zimmermann* telegram, destroy the props of public opinion on which American isolationists rested their cause. On the other, it had to use its material in such a way as to allow America, within the framework of existing neutrality, to pursue a course that could be independent of, although complementary to, the British goal of victory in the war.

This duality was not always fully understood. British intelligence in the period from June 1940 to 7 December 1941 thought in terms of using its information to help fight the war and bring America in to it. The US often thought in terms of strengthening itself as a neutral and also helping Britain, not as an ally in a war, but as a friend whose victory over the Nazis would strengthen the US position in the world.

In the book *A Man Called Intrepid*, about the wartime work of Sir William Stephenson, the author has written:

Nelson Rockefeller had persuaded Roosevelt to let him start a new agency in the unguarded vastness of South America — ‘our soft underbelly’ — where Stephenson operated a network, hampered by shortages of equipment and money. This new Office of the Coordinator of Inter-American Affairs acted covertly on information from BSC on Nazi sympathizers in sensitive jobs. Millions of Rockefeller dollars went into various schemes to discredit, depose, or in other ways damage the powers of Axis conspirators in South America. The FBI and the State Department were at loggerheads over who had jurisdiction in the region; it was easier for Rockefeller to show personal initiative and foot the bill than settle an argument about counterespionage in foreign lands. This also protected FDR’s public stance of noninvolvement until America would demand to go to war.

Hoover was right to feel uneasy. The surreptitious scope of the Coordinator, worked out by Rockefeller with Stephenson, foreshadowed the global agency under Donovan.⁷

By ignoring the dual nature of British-American intelligence cooperation before Pearl Harbour, one is left with an erroneous view.

Immediately after the fall of France there was unanimity of feeling within the Roosevelt administration that something had to be done about Latin America. Axis victories had cut off markets for Latin American agricultural and mineral goods. Traditional trade routes were in disarray. Nazi agents were seeking to establish a solid racial nucleus of German Aryans ‘for the purpose of raising the German nation . . . to a dominating position’.⁸ At the same time it was felt in Washington that with a powerful defensive military machine an evident need, many strategic materials that had traditionally been obtained from areas under Axis control, could be bought in Latin America. If this were done it would supply Latin America with needed foreign exchange to purchase manufactured and semi-manufactured goods. Financial pressures would be relieved, Latin American employment could be maintained and a fertile field for Nazi propaganda eliminated.

But if there was agreement that something needed to be done, there was total disagreement as to who should do it. Inter-agency feuding was intense, especially between the State Department and the Agriculture Department. Thus President Roosevelt asked James Forrestal, then an Administrative Assistant, to find a solution. Forrestal, who had been in the thick of the bureaucratic rivalry for control of Latin America, recommended a Coordinator’s office and young Nelson A. Rockefeller as chief Coordinator. In fact, Rockefeller had applied for the job in the form of

a memo on a hemisphere economic programme that had been submitted on 14 June to Harry Hopkins, an aide and confidante of Roosevelt. According to Paul Nitze, then an assistant to Forrestal and the one who drafted the executive order setting up the office, Roosevelt accepted the idea with the proviso that Will C. Clayton, a more mature and experienced businessman and a Democrat (Rockefeller was a Republican) be an assistant coordinator.⁹

The appointment thus evolved from a combination of Rockefeller interests and ambitions,¹⁰ and the needs of the Roosevelt administration which felt compelled to do something about Latin America quite apart from the needs and objectives of a beleaguered Britain. Furthermore, doing something about Latin America was within the traditional scope of Roosevelt foreign policy that ante-dated World War II.

Ever since Roosevelt's first inaugural address in 1933 when he had dedicated the country to the policy of the 'good neighbor', the idea had developed that US interests in Latin America could best be served by conference, mutual discussion and peaceful manoeuvre rather than by armed intervention. Marines had been withdrawn from the Caribbean rather than dispatched. Inter-American conferences had been held regularly, the last of which, a meeting of the foreign ministers in Panama in 1939, following the outbreak of war in Europe, had been called for the specific purpose of providing for hemisphere defence and the maintenance of the Latin American economy in the face of the dangers involved in world conflict. Another was called for July 1940 in Havana.

This special treatment not only contributed to Roosevelt's great personal popularity in the area, but also enjoyed almost universal support in the United States. Isolationists and non-interventionists, 'America firsters', and 'fortress Americans' who opposed favouritism for beleaguered Britain could only support Roosevelt's friendship toward Latin America. 'Most America First spokesmen believed the US should fight if any part of North or South America were attacked.'¹¹

Within the framework of his 'good neighbor' policy, Roosevelt enjoyed a freedom of action in Latin America he did not enjoy in his European policies. He was thus free to help Britain so long as that help was given within the scope of this established and highly popular policy toward Latin America. This is precisely what happened after Dunkirk and is why Rockefeller's office of the Coordinator of Inter-American Affairs became involved with the secret

operations of British Security Coordination (BSC) in New York which was a focal point for all British intelligence activities in the western hemisphere. It was a successful marriage of convenience. As is always the case with marriages of convenience, the goals of the two partners were different. The one, Britain, sought to use BSC New York as a device for destroying Nazis and pro-Germans wherever they might be (and also to bring the US in the war on the side of Great Britain); the other, the US, sought to use BSC's assets — an intelligence network and mail intercept system and experience in fighting Nazis by means of operational intelligence — to further its own policy of western hemisphere unity and defence. Isolationists could thus work in comfort (as a number of them did) in the Rockefeller office so long as any affiliation with BSC New York was withheld from them.

By the last week of August 1940, the Rockefeller Office was in place, and had decided upon its first project. It was determined to create a voluntary programme by which American business would eliminate all Nazis and Nazi agents who represented their organizations in Latin America. The programme at this time had to be voluntary. America was still neutral and there was no law or executive order that inhibited an American from trading in Latin America with a Nazi, or fascist. Behind the Rockefeller office was only the persuasive argument of hemisphere defence and solidarity, the commercial and financial power (not inconsiderable) of the Rockefeller family (which stood squarely behind Nelson Rockefeller in his work), their associates and friends, and their friends' friends. There was also the persuasive power of the Roosevelt administration and such facilities as it had which, at the time, were not great, in collecting intelligence on Nazi activity in Latin America. In actual fact this meant a handful of people maintained by the State Department in each of the other American republics plus a few FBI agents. In post-World War II terms, US government representation in Latin America at that time was minuscule.

The most immediate necessity was thus the development of an intelligence network to supply the Coordinator's office with all possible details of Nazi commercial activity. President Roosevelt personally moved toward the establishment of such a network. He instructed the State Department as well as the FBI to cooperate with the Rockefeller office. Sir William Stephenson of British Security Coordination, New York, also cooperated via the FBI by verbal ar-

rangement. This evolved from conversations Stephenson had held with Roosevelt beginning in May 1940. With this support in line, on 30 August, but a fortnight after its creation, the Coordinator's office decided to send a special confidential mission south both to gather information and to arrange for a subsequent flow of intelligence. This mission was headed by Percy L. Douglas, on leave of absence from the Otis Elevator Company and a personal friend of Nelson Rockefeller. It also included John E. Lockwood, another Rockefeller friend and lawyer, George H. Butler of the State Department and Percy Foxworth, head of the New York office of the FBI, and BSC New York's ongoing liaison. Foxworth had a dual role on the trip in that he also laid the groundwork to extend the FBI network through Latin America. He enjoyed the confidence of both J. Edgar Hoover and the Rockefeller people. There was general agreement that his death in 1943 in a plane crash while arranging for the Roosevelt-Churchill meeting at Casablanca represented the loss of one of America's most able intelligence agents.

The mission began immediately to send back to Washington voluminous reports on Nazi commercial activity. Meanwhile information and intelligence began to pass to the Coordinator's office from its other sources. Information from all British sources went to British Security Coordination, headed by Sir William Stephenson, and coincidentally located in Rockefeller Center, New York. In those days the bulk of the mail originating in Latin America passed through Bermuda en route to Europe. Here British imperial censorship authorities had various methods of secretly examining letters in such a way that their recipients were not aware that they had been opened. From BSC New York this information was passed to Foxworth's office where it was incorporated with FBI information from its own sources and processed for transmission to the Rockefeller office in Washington, located at this time in the old State, War and Navy Building next to the White House, now the Executive Office Building.

Here the FBI material was always delivered by special messenger and labelled 'personal and confidential'. It invariably opened with the cryptic statement 'we understand from a confidential source believed to be reliable' or 'information has been received from a reliable confidential source' etc., and was dovetailed with the flow of information started by the Douglas-Lockwood-Butler-Foxworth mission.¹² Meanwhile John S. Dickey (later to become President of

Dartmouth) was brought to the Coordinator's office in Washington to set up mechanisms for correlating and processing the information that was coming in.

In Washington, the Coordinator, aided by Will Clayton of the Anderson Clayton Co., Joseph C. Rovensky, on leave from the Chase Bank, Berent Friele, on leave from the A. & P., and a few others (later to be rejoined by Douglas), began contacting American business to persuade them to drop Nazi connections in Latin America. Preclusive buying coups involving such items as industrial diamonds, wolfram and abaca were also suggested to the appropriate government agency.

It is noteworthy that the top echelon personnel in the Coordinator's office covered the broad spectrum of American business from banking (Rovensky) to industry (Douglas) to commodities (Clayton and Friele). When there were deficiencies such as in transportation, consultants were brought in.

The atmosphere in the Coordinator's office was casual and informal. Everyone was on a first name basis. Rockefeller had bought the Baker place four miles from his office in northwest Washington to house his wife and children and a sign was nailed to a tree beside the long curving driveway: 'careful, children at play'. This sign once mysteriously disappeared until it was produced at a conference by a consultant-house guest of Rockefeller who tossed it down on the conference table when his advice was sought on some point of procedure. In the early days, Carl B. Spaeth, the Assistant Coordinator and his wife also lived at the Foxhall Road house. A penny ante poker game was organized by Rovensky at his flat on 16th Street; lunch was often taken at the main dining-room of the Carlton Hotel, and Stamp, the Rockefeller driver, shuttled people about Washington in a black limousine. There were occasional weekend meetings at John D. Rockefeller Jr.'s house at colonial Williamsburg.

The informality, however, did not deflect from purpose. On 8 January 1941, the Coordinator announced in a press release that examination of the country-by-country reports made by the mission disclosed that:

1. U.S. business is frequently represented in Central and South America by firms and individuals now known to support objectives contrary to the best interests of the American Republics.
2. These representatives often use advertising appropriations of U.S. business

firms to force newspapers, and in some instances radio stations, to adopt anti-American editorial policies.

3. Many employees of U.S. companies or their affiliates in Central and South America are known members of local anti-American organizations.

4. Many anti-American firms, which formerly sold only European products, have now succeeded in obtaining agencies for U.S. business. These new connections are keeping them alive, and enabling them to maintain their trade contacts. In many instances, they openly declare they will return to their former lines at the expiration of the war.

5. Many of these agents who now represent U.S. firms are obtaining through this medium confidential trade information which is made available to anti-American powers.

6. Profits thus derived from representation of U.S. firms are being used to finance operations of propaganda agencies in Central and South America.

7. Many of the firms representing U.S. companies also serve as centers for distribution of anti-American literature and propaganda.

8. Many of the larger anti-American firms have established their own purchasing agents in the U.S. and with the goods obtained in the market remain in business.

9. Officers and employees of a number of firms, representing U.S. businesses, are officials of anti-American powers.¹³

This was in fact a declaration by the Coordinator of what specifically, on a voluntary basis, he was determined to destroy, and its net political effect was to equate anti-Nazism with a pro-hemisphere defence concept.

During the first half of 1941, US exporters dropped more than a thousand undesirable agency accounts in the other American republics. US concerns were also asked to investigate employees in their Latin American branch offices and to see that advertising allowances were not being used by agents to promote Axis propaganda. Later, it was decided to broaden the programme to include the examination of all consignees, not agents alone, and then to examine imports and ask US importers not to deal with undesirable purchasing agents in Latin America. Some 1,700 firms were contacted in this programme.

The Coordinator's office was not always successful in its voluntary anti-Nazi programme. General Motors was a case in point. Essentially this company adhered to the argument, later to be publicly espoused by one of its presidents over another matter, that 'what's good for General Motors is good for the country'. General Motors management at this time saw no reason to drop its pro-Nazi representation in Cuba, Chile and Bolivia so long as they sold more GM products than a potential replacement might be able to do.

Political concepts of hemisphere unity, GM felt, had nothing to do with the matter.

Such argument, however, ended on 19 July 1941, when President Roosevelt ended the voluntary programme and made it compulsory. A long detailed and specific 'Proclaimed List of Certain Blocked Nationals' was issued with whom the US was forbidden to deal in the interest of national defence.¹⁴ Since the voluntary programme had thus become official policy, the Rockefeller blacklisting activities were transferred to the State Department's newly created division of World Trade Intelligence, and John Dickey, although retained on the Rockefeller pay-roll, transferred to the State Department to head it. This shift also involved a change in the flow of information from British Security Coordination, New York. With blacklisting official, rather than voluntary, the State Department, through John Dickey, could engage in direct contact on blacklisting with the appropriate economic warfare officials at the British Embassy in Washington, and no longer needed to be dependent on cryptic statements via the FBI from BSC New York.

July 1941 was also the month that saw the establishment of the COI, headed by General William J. Donovan, the predecessor organization to the OSS which, in turn, marked the loss by J. Edgar Hoover of the FBI's 'monopoly' in all US government dealings with the British Security Coordinator. To a certain extent, the transfer of the Rockefeller voluntary economic intelligence activities was all part of a mid-1941 reorganization of pre-Pearl Harbour intelligence. This was also the time when the Nazis broke with their Soviet Ally and attacked Russia.

Essentially July 1941 marked the close of the Coordinator's operations in the field of economic operational intelligence and the office went on to other activities largely in communications and health. A year had been gained, before Pearl Harbour, in which to strengthen and supplement British intelligence sources. British intercepts of Latin American communications had been put to practical use in the elimination of Nazi economic activity in Latin America. Most important of all, experience gained among top level Americans in the problems and techniques involved became an invaluable asset. As a practical matter, it was as if several destroyers had been built and were operational and ready for war before it actually came. There was also a post-World War II effect. When James Forrestal, as the first Secretary of Defense, found the US without an operational intelligence arm with which to participate in

the Italian elections of 1948, he revived the voluntary programme technique both to raise and channel and administer funds into Italy. And why not? Such an idea was not new. He had personally seen what the voluntary concept could do in Latin America in 1940 and 1941.

Whose idea was the voluntary blacklist? Sir William Stephenson and BSC's, President Roosevelt's, James Forrestal's, Nelson Rockefeller's? At this point it is impossible to say. Stephenson has claimed credit for it. Of equal significance, however, is that Franklin Roosevelt personally took a hand in implementing the idea, appointing the Coordinator and assuring him the tools with which to do the job. He not only saw to it personally that British, FBI and State Department information and cooperation were available, but followed through on this subject. For example, as late as February 1941, President Roosevelt, at Rockefeller's request, instructed J. Edgar Hoover and the FBI to make available to the Coordinator's office an FBI official in 'carrying out the Coordinator's program of contacting a limited number of executives of American business for the purpose of soliciting their cooperation in eliminating totalitarian agents who represent their organizations in the American republics'.¹⁵ There was no palaver or cabinet discussion. Roosevelt simply ordered it and at the same time instructed his Appointments Secretary to send for Mr Hoover so he could talk to him personally about the matter.

This one year programme was not only successful in undermining totalitarian strength in the other American republics, but also in coping with the turmoil, the alarm over the suddenness of Nazi victories and feeling of helplessness over Nazi movement within Latin America.¹⁶ At this time the Latin American countries were for the most part oligarchies. It did not take long for the ruling classes to see the effects of the blacklisting programme within their own communities. Persons close to the rulers were plunged into financial oblivion as a result and this had the effect, in a broader sense, of persuading those in power to turn to the US for aid and protection and relief.

There were also other areas of cooperation between BSC and the Rockefeller office outside of blacklisting. In 1940 radio station WRUL in Boston had a transmitting power — 50,000 watts — that was unsurpassed by any other station in either the Americas or Germany. It was privately owned, had a very large overseas listening audience and was potentially a valuable wartime propaganda asset.

Stephenson and BSC secretly subsidized it through intermediaries. The Coordinator's office did so directly in order to extend and expand WRUL's Spanish language broadcasts with the result that by Pearl Harbour the US had an overseas broadcasting service, comparable to the BBC in place.¹⁷

Other, more esoteric operational intelligence projects were developed. One of these involved the manipulation of the Latin American press, not through the control and sale of Canadian and US newsprint (this was already in hand) but by means of the purchase of advertising space. None of the Rockefeller people had previous diplomatic experience. Some were less inclined than they perhaps should have been to seek State Department political guidance on the newspapers they sought to manipulate. US diplomatic missions in Latin America were ignored. This caused friction. Sumner Welles, the Under Secretary of State, took the problem to the White House and, on 22 April 1941, the President wrote Nelson Rockefeller to take 'appropriate steps to institute arrangements for assuring that in all instances projects initiated by your Office shall be discussed fully with, and approved by, the Department of State, and a full meeting of minds obtained before action is undertaken or commitments are made.'¹⁸

This letter reflected the first conflict between operational intelligence and the State Department. President Roosevelt resolved it quickly, sharply and definitively. A precedent was established within the US government structure that was subsequently to be applied to the OSS and later, the CIA. To this extent the letter represents a milestone in the history of the development of US operational, as distinguished from informational intelligence. As a practical matter, too, the letter made Under Secretary of State Sumner Welles, via Lawrence Duggan, the Assistant Secretary for Latin America, the final arbiter in any operational intelligence projects that might have originated with BSC and Sir William Stephenson in New York and passed from him to Rockefeller where they could be treated as Rockefeller projects. Whether or not President Roosevelt fully understood this when he sent Nelson Rockefeller his 'clear it with Sumner' letter is not known, but the presumption is that he did.

From the standpoint of hindsight several questions arise.

How was it that the connection between the Coordinator of Inter-American Affairs and British Security Coordination, New York, remained a well kept secret for thirty-six years? The answer

lies in both chance and circumstance. First of all, very few Americans knew of the actual connection, and of those who did, Roosevelt, Forrestal and Foxworth all died in office and did not write memoirs. Neither did Nelson Rockefeller, and in the interim between World War II and his death, he entered Republican politics. Reticence was the wisest course since many, but by no means all pre-war isolationists and American firsters were Republicans. Messrs. Lockwood, Douglas and Dickey would have been guided by Governor Rockefeller's reticence if they knew of the connection. J. Edgar Hoover is a special case although it is true that he, too, died in office and neither wrote memoirs nor cooperated in the preparation of an authoritative biography. Hoover clearly valued highly his pre-war connection with BSC New York¹⁹ and his wartime intelligence network in Latin America which, to some extent, had its origins in the three-way association between BSC New York, the Rockefeller office and the FBI. He felt, after the war, and at the time of the founding of the CIA that his record entitled him to be placed in charge of all intelligence, both domestic and foreign; certainly, if not the world, at least Latin America from which the OSS had, during the war, been excluded. But Hoover lost this bureaucratic battle, and President Truman decided that Hoover should have the US, but the CIA should have all foreign countries. This caused intense feeling and bitterness in the FBI. FBI personnel experienced in Latin America, with few exceptions, refused to work for the CIA. The central records index at FBI headquarters was 'deindexed' and there was an 'auto da fe' of archives and files rather than turn them over to the 'enemy'. Hoover was not a man publicly to admit bureaucratic defeat. Why speak of the BSC-Rockefeller-FBI connection in which his Bureau had played such an active, and in fact resourceful and courageous part, when it could only serve as a reminder of how he 'lost' Latin America?

Finally, one must ask, did the enemy know? Was there a leak so that the Nazis, or the Japanese, or the Soviets found out? There is no direct evidence, but there are certain indications that they might have. Several foreign agents were found on the Rockefeller payroll. Why, one must ask oneself, waste a valuable spy on the Rockefeller office since its activities, other than the BSC connection, were largely unclassified? What were these agents after? A Nazi, a Japanese and several Soviet agents were caught by the FBI with Rockefeller office personnel help.

At this point one should perhaps refer to the Coordinator's secret fund. Future historians may come across references to it in the archives or in the Nelson Rockefeller papers, when and if they are made public. It was never significant; roughly \$50,000 a year, although it is true that the Coordinator's office was one of the very few US government agencies before Pearl Harbour to have such a fund. Whether or not it was originally intended to use it in connection with the Coordinator's secret relationship with BSC New York, the author cannot say. He does, however, know that it was never used for this purpose. The only two projects funded out of this money in the pre-Pearl Harbour days originated with Under Secretary of State Welles, an indication, albeit indirect, of his power in the Latin American field. One project involved the bringing to the US, and *pari passu*, their removal from the body politic of Bolivia, of two malevolently pro-Nazi journalists named Cespedes and Quadros about whom Anzi Matiengo, the Bolivian Foreign Minister, had complained to Welles at a 1941 meeting in Rio de Janeiro. Coincidentally, BSC was also very active in Bolivia in anti-Nazi work, and to this extent, the Welles project was supportive of it. The other involved the 'spontaneous' eruption throughout Latin America of birthday balls on behalf of polio relief in honour of President Roosevelt. For this, the Coordinator used a son of former President of Panama who later was to marry Dame Margot Fonteyn, the British *ballerina assoluta*. Even in its more secret operations, the Rockefeller office believed that a little frivolity was useful in concealing more serious intent.

The decision of Franklin Roosevelt to substitute the 'good neighbor' policy for earlier American traditions of armed intervention in Latin America has persisted. Only twice since 1933 have US presidents decided to send troops South to defend American interests. President Eisenhower made up his mind to intervene in Venezuela to rescue Vice-President Nixon from a frenzied mob, and only last-minute events rendered this unnecessary. President Johnson intervened in the Dominican Republic. But it should not be forgotten that in the interim operational intelligence was developed as a substitute for achieving US policy goals. The truth is that Roosevelt was the first to recognize that his non-intervention policy was unworkable without an intelligence substitute, and this occurred only seven years after he had first dedicated the country to the 'good neighbor' policy. Nazis and Nazi operations could not be

eliminated from within Latin America without operational intelligence techniques. Diplomacy was not sufficient.

It was the British, through BSC New York, who indirectly introduced these techniques to an inexperienced America through the Office of the Coordinator of Inter-American Affairs and the FBI in 1940 and 1941. Unfortunately, the knowledge gained, in so far as Latin America is concerned, was largely lost. After World War II, an untutored and unpractised CIA in the Latin American field had to start all over again, almost from scratch. From the standpoint of a broad overview, one is bound to wonder if the Bay of Pigs as well as other Latin American fumbles was not derived from this. For it was as true, after the war, as it was in 1940, that there is a symbiotic relationship in so far as the US is concerned, between military and naval non-interventionism and the use of operational intelligence to achieve national goals.

Notes

1. Federal Register, 22 August 1940 and 2 August 1941.
2. Wm. E. Leuchtenburg, 'Franklin D. Roosevelt and The New Deal, 1931-1940', in Arnold Offner, *America and the Origins of World War II, 1933-1941* (Houghton Mifflin Co. 1971), 82.
3. Charles A. H. Thomson, *Overseas Information Service of the United States Government* (Brookings Institution 1948), 118.
4. *History of the Office of the Coordinator of Inter American Affairs*, U.S. Bureau of the Budget, Historical Reports on War Administration, 1947.
5. See Barbara W. Tuchman, *The Zimmermann Telegram* (Dell Publishing Co. 1963).
6. Wayne S. Cole, *America First* (University of Wisconsin Press 1953), 99.
7. William Stevenson, *A Man Called Intrepid* (Harcourt Brace Jovanovich 1976), 160.
8. Adolf Hitler, *Mein Kampf* (Munich 1934), 439.
9. 1979 conversation between the author and Mr Paul Nitze.
10. Governor Rockefeller once explained to the author that his family was at the time drawing millions of dollars annually out of Latin America via its dividends from Creole Petroleum. He thus felt obligated to put something back in.
11. Wayne S. Cole, op. cit., 97.
12. H. Montgomery Hyde, *The Quiet Canadian* (London 1962), 55.
13. Bureau of the Budget, *History*, 16-17.
14. Federal Register, 19 July 1941.

15. Roosevelt Papers, Franklin D. Roosevelt Library, Hyde Park, NY.
16. See Wm. J. Langer and S. Everett Gleason, *Challenge to Isolationism* (Harper & Bros 1952).
17. H. Montgomery Hyde, *op. cit.*, 157.
18. Letter quoted in Charles A. H. Thomson, *op. cit.*, 153.
19. From mid-1940 until mid-1941 J. Edgar Hoover and the FBI had a monopoly on official liaison with British Security Coordination, New York. Hoover's discretion in this was exemplary and President Roosevelt's confidence not misplaced. The risk to Hoover and the FBI was great for they drew much political support on the Hill from isolationist Congressmen who would have been the first to howl for Hoover's head had they known he had 'betrayed' them to Britain. Some were genuine isolationists; others were isolationist only because they felt that if the US were to go to war, it should do so against the Soviets, not the Nazis.

Paul Kramer

after twelve years in intelligence, both as a civilian and a naval officer, left to become a businessman. He is the author of *The Last Manchu*, *Latin American Panorama* (with Robert McNicoll) and *The City in American Life* (with Frederick Holborn).